

Attachment 16 (Fiscal Management 3)

Prompt Pay Provision

Definition:

As used in this section, “provider” means any qualified public, or private, provider, agency, institution, or resource that contracts with the Area Program for the provision of services pursuant to G.S. 122C-141(a).

Invoice Processing Period Requirements:

Within eighteen (18) calendar days after the Area Program receives an invoice from a provider, the Area Program shall either: (a) approve payment of the invoice, (b) deny payment of the invoice, or (c) determine that additional information is required for making an approval or denial. The foregoing requirement is further specified in the following bullets:

- If the Area Program approves payment of an invoice, the Area Program shall pay the invoice within thirty (30) calendar days after making the approval.
- If the Area Program denies payment of an invoice, the Area Program shall return the invoice to the provider and include notice specifying the full and complete good faith reasons for the denial within eighteen (18) calendar days after the Area Program received the invoice. The Area Program will be deemed to have complied with this requirement if, on or before the eighteenth calendar day, the Area Program electronically transmits the invoice and notice to the provider, places the invoice and notice in the U.S. mail, first class postage prepaid, properly addressed to the provider, or makes actual delivery of the invoice and notice to the provider.
- If the Area Program determines that additional information is required for making the approval or denial of an invoice, the Area Program shall provide the provider with notice of the same. The notice shall contain the specific good-faith reasons why the invoice has not been paid and furnish a complete itemization, or description, of all of the information needed by the Area Program to complete the processing of the invoice. The Area Program shall provide such notice to the provider within eighteen (18) calendar days after the Area Program receives the invoice. The Area Program will be deemed to have complied with this requirement if, on or before the eighteenth calendar day, the Area Program electronically transmits such notice to the provider, places such notice in the U.S. mail, first-class postage prepaid, properly addressed to the provider, or makes actual delivery of such notice to provider. Upon the Area Program’s receipt of the additional information from the provider, the Area Program shall process the invoice within the time periods stated above for approving, denying, and paying invoices.

- The Area Program is not limited to approving an invoice in full, denying an invoice in full, or requesting additional information for an entire invoice. Rather, as appropriate, the Area Program may approve an invoice in part, deny an invoice in part, and/or request additional information for only a part of the invoice, as long as the Area Program either approves, denies, or requests additional information for each part of the invoice within the required eighteen (18) calendar day period. If the Area Program partially approves, denies, or requests additional information for an invoice, the Area Program shall take the appropriate further actions on the invoice within the applicable time periods specified above. For instance, if an invoice is denied in part and approved in part, the Area Program shall pay the approved portion of the invoice within thirty (30) calendar days after the approval and shall send the notice of denial for the denied portion of the invoice within eighteen (18) calendar days after the Area Program's receipt of the invoice.
- The Area Program is presumed to have received a mailed invoice five business days after the invoice has been placed in the United States mail, first-class postage prepaid, properly addressed to the Area Program, or an invoice transmitted electronically, or by facsimile transmission, to the Area Program, or a designated clearinghouse, on the day the invoice is transmitted.
- All references to the term "invoice" in this Section, IV.A.3., "Prompt Pay Provision" shall include invoices for Medicaid services and invoices for non-Medicaid services, except for the references to "invoice" in the provision below captioned, "Submission of Non-Medicaid Invoices to Area Program," which shall include only invoice for non-Medicaid services.
- In calculating any period of time prescribed by this section, IV.A.3. "Prompt Pay Provision," the day of an act, or event, after which a designated period of time begins to run, is not to be included. For instance, in calculating the eighteen (18) calendar days after an Area Program receives an invoice, the day the Area Program receives the invoice is not included or counted, and the first of the eighteen (18) calendar days is the calendar day that follows the day on which the invoice was received.

Funds Availability Provision:

The payment of funds by the Division to the Area Program, as specified by this Agreement, is conditioned upon the appropriation, allocation, and availability of the funds to the Division for this purpose. To this end, if it appears that the payments from the Division to Area Programs will be disrupted due to a statewide reduction in funding, the Division Director shall provide providers and Area Programs with prior notice of the reduction. This notification shall give direction to Area Programs about the appropriate course of action regarding payments to providers. In addition, in instances where the Area Program submits evidence to the Division that reasonably demonstrates that the Area Program's late payment of invoices is the direct result of errors or delays by the State, or its contract vendors, the Area Program shall be exempt from the time periods imposed by this section for approving and paying such invoices. In such circumstances, the Area Program shall approve and pay the invoices within a time period that is reasonable under the circumstances. If, for any reason, the Area Program anticipates that it will be unable to make payment on an individual invoice within the time periods required by this section, and the Area Program and provider are unable to reach a resolution, the Area Program

must obtain the prior approval of the Division in order to delay payment. Such requests will be reviewed on a case-by-case basis. Notwithstanding any of the foregoing, the Area Program's duty to pay an approved claim within thirty (30) calendar days after approval is not conditioned upon the Area Program first having received payment from the State for the services covered by the invoice.

Submission of Non-Medicaid Invoices to Area Program:

Area Programs shall include in their contracts with providers provisions concerning the submission of non-Medicaid invoices that comport with the following:

- The provider shall submit invoices for non-Medicaid services in the appropriate form within the shorter of: (a) the time period stated in the contract between the Area Program and provider and (b) 15 calendar days after the end of the month in which the service(s) was rendered, or in which the consumer was discharged from service. Failure to submit an invoice within the required time period shall exempt the Area Program from the time periods imposed by this section for approving, denying, requesting additional information for, and paying the invoice. In such circumstances, the Area Program shall process and pay the invoice within a reasonable time under the circumstances. If the Area Program denies payment of an invoice, the provider must resubmit the invoice, with full and complete information, as specified by the Area Program, within the shorter of (a) the time period stated in the contract between the Area Program and provider and (b) thirty (30) calendar days after provider's receipt of the denied invoice, unless the provider has received from the Area Program a waiver of the re-submission time period. Provider's failure to resubmit the invoice within forty-five (45) calendar days after provider's receipt of the denied invoice (absent a waiver from the Area Program) shall exempt the Area Program from the time periods imposed by this section for approving, denying, requesting additional information for, and paying the invoice. In such circumstances, the Area Program shall process and pay the invoice within a reasonable time under the circumstances.

Interest:

Payment due on an invoice that is not made within the time period required by this Section IV.A.3. shall bear interest at the annual percentage rate of eight percent (8%) beginning on the date following the day on which the payment should have been paid. A payment is considered made on the date upon which a check, draft, or other valid negotiable instrument is placed in the United States Mail, first-class postage prepaid, properly addressed to the provider, or, if not mailed, on the date of the electronic transfer, or other actual delivery, of the payment to the provider. In paying any interest it owes to a provider under this provision, the Area Program shall use funds other than funds allocated to pay for services rendered to clients.

Third-Party Beneficiary:

Any provider who submits invoices to the Area Program for services rendered shall be an intended third-party beneficiary of this Section IV.A.3, and, without limitation, the duties imposed upon the Area Program through this section are likewise duties owed to such provider, and such provider may enforce the performance of the duties.